

**ANNEX "A" (DETAILS OF VESSEL OR VESSELS) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

09/01/06

Name of Vessel(s):

MT Symphony M

Particulars of Vessel(s):

Built: 1983, by Asakava Ship Building Japan

Panama Flag

Registered in Valletta, Malta

Call Sign: 3FSM9

IMO Nr.: 8216681

Class: N.K.K

GT/NT: 6,481/3,624

DWT: 10,885 MT

LOA: 123.63m, Beam: 18.20m

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**ANNEX "B" (DETAILS OF CREW) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

09/01/06

Details of Crew:

Numbers	Rank	Nationality
1	MASTER	GREEK
1	CH.OFFICER	GREEK
1	2 ND MATE	RUSSIAN
1	3 RD MATE	RUSSIAN
1	CH. ENGINEER	GREEK
1	2 ND ENGINEER	GREEK
1	3 RD ENGINEER	RUSSIAN
1	4 TH ENGINEER	RUSSIAN
1		
1	EL/CIAN	RUSSIAN
1	BOSUN	RUSSIAN
1	PUMPMAN	RUSSIAN
1	A.B.	RUSSIAN
1	A.B.	RUSSIAN
1	A.B.	RUSSIAN
1	O.S	RUSSIAN
1	MOTORMAN	RUSSIAN
1	MOTORMAN	RUSSIAN
1	MOTORMAN	RUSSIAN
1	FITTER	RUSSIAN
1	COOK	RUSSIAN
1	AS.STEWARD	RUSSIAN

**ANNEX "C" (BUDGET) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:
09/01/06

Managers' Budget for the first year with effect from the Commencement Date of this Agreement:

CREW WAGES	\$930,000
MARINE INSURANCES	\$45,000
P&I AND DEFENSE	\$85,000
STORES (DECK, ENGINE, CABIN, BONDED)	\$90,000
REPAIRS / MAINTENANCE	\$100,000
CREW REPLACEMENT AND OTHER EXPENSES INCLUDING MEDICAL	\$30,000
VICTUALLING	\$60,000
FLAG EXPENSES	\$10,000
SPARES	\$70,000
RADIO	\$15,000
GENERAL SUPPLY EXPENSES, OPA 90, VESSELS INSPECTIONS	\$10,000
LUBRICANTS	\$40,000
MANAGEMENT	\$250,000
UNFORSEEN	\$10,000
TOTAL	\$1,745,000

In addition to the above the Voyage expenses must be added.

P&I DEDUCTIBLES	
CARGO CLAIMS	\$ 15,650.00 EACH CARGO VOYAGE
CREW ILLNESS	\$ 5,250.00 PER PORT
CREW INJURY/LOSS OF LIFE	\$ 5,250.00 PER PERSON PER PORT
ALL OTHER CLAIMS	\$ 5,250.00 ANY ONE ACCIDENT OR OCCURANCE

FD&D DEDUCTIBLES	\$ 1,000.00 EACH DISPUTE
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INSURANCE POLICY COVER	
H&M INSURED VALUE	\$ 5 MILLION
INCREASED VALUE	\$ 2 MILLION

DEDUCTIBLE ON H&M INS COVER (\$ 5 MILLION) \$ 100,000

VESSEL INSURED FOR WAR RISK WITH LLOYDS

H&M INSURANCE	\$ 5 MILLION
INCREASED VALUE	\$ 2 MILLION

All figures about and without guarantee



**ANNEX "D" (ASSOCIATED VESSELS) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

**NOTE: PARTIES SHOULD BE AWARE THAT BY COMPLETING THIS ANNEX "D"
THEY WILL BE SUBJECT TO THE PROVISIONS OF SUB-CLAUSE 18.1(l) OF THIS
AGREEMENT.**

Date of Agreement:

09/01/06

Details of Associated Vessels:

MT Monte Rosso

Built 1987 by Sancierul Naval Constanta

Dwt: 88,850 MT

IMO Nr: 8513625

MT Monte Verde

Built 1980 by Hitachi Zosen

Dwt: 86,993 MT

IMO Nr: 7602960

EXHIBIT 2

Approved by the International Ship Managers' Association (ISMA) Approved by the Documentary Committee of The Japan Shipping Exchange Inc., Tokyo Printed by BIMCO's /data	<p>1. Date of Agreement 05/01/06</p> <p>THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO) STANDARD SHIP MANAGEMENT AGREEMENT CODE NAME: "SHIPMAN 96"</p> <p style="text-align: right;">Part I</p> <p>2. Owners (name, place of registered office and law of registry) (Cl. 1)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Name Solana Shipping Ltd</td> <td style="width: 50%;">Place of registered office Valletta, Malta</td> </tr> <tr> <td>Law of registry Malta</td> <td></td> </tr> </table> <p>3. Managers (name, place of registered office and law of registry) (Cl. 1)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Name Palomar Maritime Inc.</td> <td style="width: 50%;">Place of registered office Monrovia, 8 Broad Street, Liberia</td> </tr> <tr> <td>Law of registry Liberia</td> <td></td> </tr> </table> <p>4. Day and year of commencement of Agreement (Cl. 2) 05/01/06</p> <p>5. Crew Management (state "yes" or "no" as agreed) (Cl. 3.1) YES</p> <p>6. Technical Management (state "yes" or "no" as agreed) (Cl. 3.2) YES</p> <p>7. Commercial Management (state "yes" or "no" as agreed) (Cl. 3.3) NO</p> <p>8. Insurance Arrangements (state "yes" or "no" as agreed) (Cl. 3.4) YES</p> <p>9. Accounting Services (state "yes" or "no" as agreed) (Cl. 3.5) YES</p> <p>10. Sale or purchase of the Vessel (state "yes" or "no" as agreed) (Cl. 3.6) YES</p> <p>11. Provisions (state "yes" or "no" as agreed) (Cl. 3.7) YES</p> <p>12. Bunkering (state "yes" or "no" as agreed) (Cl. 3.8) NO, but cl. 3.8 to apply</p> <p>13. Chartering Services Period (only to be filled in if "yes" stated in Box 7) (Cl. 3.3(i)) NO</p> <p>14. Owners' Insurance (state alternative (i), (ii) or (iii) of Cl. 6.3) (ii)</p> <p>15. Annual Management Fee (state annual amount) (Cl. 8.1) US\$250,000</p> <p>16. Severance Costs (state maximum amount) (Cl. 8.4(i)) All Severance costs as per Crew's Employment Agreement</p> <p>17. Day and year of termination of Agreement (Cl. 17) 1 year after commencement</p> <p>18. Law and Arbitration (state alternative 19.1, 19.2 or 19.3; if 19.3 place of arbitration must be stated) (Cl. 19) 19.1</p> <p>19. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Owners) (Cl. 20) Solana Shipping Ltd c/o Spectrum Trading and Shipping (STS) Inc. 31 Novinsky Boulevard, Office 8068, Moscow. Russia 123242 Tel: +7 095 9814788 Fax: +7 095 9814789 Email: Tanker@spect.ru</p> <p>20. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Managers) (Cl. 20) Palomar Maritime Inc. Kantherou 1 & Akti Miacouli 75, 18537, Athens, Greece Fax: +30 210 4280064, Tel: 212939 REMI GR, Email: Operations@PalomarMaritime.com</p>	Name Solana Shipping Ltd	Place of registered office Valletta, Malta	Law of registry Malta		Name Palomar Maritime Inc.	Place of registered office Monrovia, 8 Broad Street, Liberia	Law of registry Liberia	
Name Solana Shipping Ltd	Place of registered office Valletta, Malta								
Law of registry Malta									
Name Palomar Maritime Inc.	Place of registered office Monrovia, 8 Broad Street, Liberia								
Law of registry Liberia									

It is mutually agreed between the party stated in Box 2 and the party stated in Box 3 that this Agreement consisting of PART I and PART II as well as Annexes "A" (Details of Vessel), "B" (Details of Crew), "C" (Budget) and "D" (Associated vessels) attached hereto, shall be performed subject to the conditions contained hereina. In the event of a conflict of conditions, the provisions of PART I and Annexes "A", "B", "C" and "D" shall prevail over those of PART II to the extent of such conflict but no further.

Signature(s) (Owners)	Signature(s) (Managers)
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PART II
"SHIPMAN 98" Standard Ship Management Agreement

1. Definitions

In this Agreement save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them.

"*Owners*" means the party identified in Box 2.

"*Managers*" means the party identified in Box 3.

"*Vessel*" means the vessel or vessels details of which are set out in Annex "A" attached hereto.

"*Crew*" means the Master, officers and ratings of the numbers, rank and nationality specified in Annex "B" attached hereto.

"*Crew Support Costs*" means all expenses of a general nature which are not particularly referable to any individual vessel for the time being managed by the Managers and which are incurred by the Managers for the purpose of providing an efficient and economic management service and, without prejudice to the generality of the foregoing, shall include the cost of crew standby pay, training schemes for officers and ratings, cadet training schemes, sick pay, study pay, recruitment and interviews.

"*Severance Costs*" means the costs which the employers are legally obliged to pay to or in respect of the Crew as a result of the early termination of any employment contract for service on the Vessel.

"*Crew Insurances*" means insurances against crew risks which shall include but not be limited to death, sickness, repatriation, injury, shipwreck, unemployment indemnity and loss of personal effects.

"*Management Services*" means the services specified in sub-clauses 3.1 to 3.8 as indicated affirmatively in Boxes 5 to 12.

"*ISM Code*" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention as adopted by the International Maritime Organization (IMO) by resolution A.741(18) or any subsequent amendment thereto.

"*STCW 95*" means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 or any subsequent amendment thereto.

2. Appointment of Managers

With effect from the day and year stated in Box 4 and continuing unless and until terminated as provided herein, the Owners hereby appoint the Managers and the Managers hereby agree to act as the Managers of the Vessel.

3. Basis of Agreement

Subject to the terms and conditions herein provided, during the period of this Agreement, the Managers shall carry out Management Services in respect of the Vessel as agents for and on behalf of the Owners. The Managers shall have authority to take such actions as they may from time to time in their absolute discretion consider to be necessary to enable them to perform this Agreement in accordance with sound ship management practice.

3.1 Crew Management

(only applicable if agreed according to Box 5)

The Managers shall provide suitably qualified Crew for the Vessel as required by the Owners in accordance with the STCW 95 requirements, provision of which includes but is not limited to the following functions:

- (I) selecting and engaging the Vessel's Crew, including payroll arrangements, pension administration, and insurances for the Crew other than those mentioned in Clause 5;
- (II) ensuring that the applicable requirements of the law of the flag of the Vessel are satisfied in respect of manning levels, rank, qualification and certification of the Crew and employment regulations including Crew's tax, social insurance, discipline and other requirements;
- (III) ensuring that all members of the Crew have passed a medical examination with a qualified doctor certifying that they are fit for

1	for the duties for which they are engaged and are in possession of valid medical certificates issued in accordance with appropriate flag State requirements. In the absence of applicable flag State requirements the medical certificate shall be dated not more than three months prior to the respective	66
2	Crew members leaving their country of domicile and maintained for the duration of their service on board the Vessel;	67
3	(iv) ensuring that the Crew shall have a command of the English language of a sufficient standard to enable them to perform their duties safely;	68
4	(v) arranging transportation of the Crew, including repatriation;	69
5	(vi) training of the Crew and supervising their efficiency;	70
6	(vii) conducting union negotiations;	71
7	(viii) operating the Managers' drug and alcohol policy unless otherwise agreed.	72
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16	3.2 Technical Management	81
17	(only applicable if agreed according to <u>Box 6</u>)	82
18	The Managers shall provide technical management which includes, but is not limited to, the following functions:	83
19	(i) provision of competent personnel to supervise the maintenance and general efficiency of the Vessel;	84
20	(ii) arrangement and supervision of dry dockings, repairs, alterations and the upkeep of the Vessel to the standards required by the Owners provided that the Managers shall be entitled to incur the necessary expenditure to ensure that the Vessel will comply with the law of the flag of the Vessel and of the places where she trades, and all requirements and recommendations of the classification society;	85
21	(iii) arrangement of the supply of necessary stores, spares and lubricating oil;	86
22	(iv) appointment of surveyors and technical consultants as the Managers may consider from time to time to be necessary;	87
23	(v) development, implementation and maintenance of a Safety Management System (SMS) in accordance with the ISM Code (see sub-clauses 4.2 and 5.3);	88
24	(vi) all aspects of ISPS compliance	89
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37	3.3 Commercial Management	102
38	(only applicable if agreed according to <u>Box 7</u>)	103
39	The Managers shall provide the commercial operation of the Vessel, as required by the Owners, which includes, but is not limited to, the following functions:	104
40	(i) providing chartering services in accordance with the Owners' instructions which include, but are not limited to, seeking and negotiating employment for the Vessel and the conclusion (including the execution thereof) of charter parties or other contracts relating to the employment of the Vessel. If such a contract exceeds the period stated in <u>Box 12</u> , consent thereto in writing shall first be obtained from the Owners;	105
41	(ii) arranging of the proper payment to Owners or their nominees of all hire and/or freight revenues or other moneys of whatsoever nature to which Owners may be entitled arising out of the employment of or otherwise in connection with the Vessel;	106
42	(iii) providing voyage estimates and accounts and calculating of hire, freight, demurrage and/or despatch moneys due from or due to the charterers of the Vessel;	107
43	(iv) issuing of voyage instructions;	108
44	(v) appointing agents;	109
45	(vi) appointing stevedores;	110
46	(vii) arranging surveys associated with the commercial operation of the Vessel.	111
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61	3.4 Insurance Arrangements	126
62	(only applicable if agreed according to <u>Box 8</u>)	127
63	The Managers shall arrange insurances in accordance with Clause 6, on such the terms and conditions as the Owners shall presently applicable to Sellers/Managers	128
64	have instructed or agreed, in particular regarding conditions	129
65		130
		131

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"SHIPMAN 98" Standard Ship Management Agreement

Including, Insured values, deductibles and franchises, etc.		responsibilities imposed by the ISM Code when applicable.
3.5 Accounting Services <i>(only applicable if agreed according to Box 9)</i>	132	192
The Managers shall:		
(i) establish an accounting system which meets the requirements of the Owners and provide regular accounting services, supply regular reports and records, such accounting services to be provided by Moore Stephens and all costs to be for owner's account	133 134 135 136 137 138	193 194 195 196 197 198
(ii) maintain the records of all costs and expenditure incurred as well as data necessary or proper for the settlement of accounts between the parties.	139 140 141	199 200 201
3.6 Sale or Purchase of the Vessel <i>(only applicable if agreed according to Box 10)</i>	142 143	202 203
The Managers shall, in accordance with the Owners' instructions, supervise the sale or purchase of the Vessel, including the performance of any sale or purchase agreement, but not negotiation of the same.	144 145 146 147	204 205 206 207
3.7 Provisions <i>(only applicable if agreed according to Box 11)</i>	148	208
The Managers shall arrange for the supply of provisions.	149	209
3.8 bunkering <i>(only applicable if agreed according to Box 12)</i>	150	210
The Managers-Owners shall arrange for the provision of bunker fuel of the quality specified by the Owners suitable for the type of the Vessel's engine as required for the Vessel's trade.	151 152	211 212
4. Managers' Obligations	153	213
4.1 The Managers undertake to use their best endeavours to provide the agreed Management Services as agents for and on behalf of the Owners in accordance with sound ship management practice and to protect and promote the interests of the Owners in all matters relating to the provision of services hereunder.	154 155 156	214
Provided, however, that the Managers in the performance of their management responsibilities under this Agreement shall be entitled to have regard to their overall responsibility in relation to all vessels as may from time to time be entrusted to their management and in particular, but without prejudice to the generality of the foregoing, the Managers shall be entitled to allocate available supplies, manpower and services in such manner as in the prevailing circumstances the Managers in their absolute discretion consider to be fair and reasonable.	157 158 159 160 161 162 163 164 165	215 216 217 218
4.2 Where the Managers are providing Technical Management in accordance with sub-clause 3.2, they shall procure that the requirements of the law of the flag of the Vessel are satisfied and they shall in particular be deemed to be the "Company" as defined by the ISM Code, assuming the responsibility for the operation of the Vessel and taking over the duties and responsibilities imposed by the ISM Code when applicable.	166 167 168 169 170 171 172 173 174	219 220 221 222 223 224 225 226
5. Owners' Obligations	175	227
5.1 The Owners shall pay all sums due to the Managers punctually in accordance with the terms of this Agreement.	176	228
5.2 Where the Managers are providing Technical Management in accordance with sub-clause 3.2, the Owners shall:	177	229
(i) procure that all officers and ratings supplied by them or on their behalf comply with the requirements of STCW 95;	178 179 180	230 231 232
(ii) instruct such officers and ratings to obey all reasonable orders of the Managers in connection with the operation of the Managers' safety management system.	181 182 183 184	233 234 235 236
5.3 Where the Managers are not providing Technical Management in accordance with sub-clause 3.2, the Owners shall procure that the requirements of the law of the flag of the Vessel are satisfied and that they, or such other entity as may be appointed by them and identified to the Managers, shall be deemed to be the "Company" as defined by the ISM Code assuming the responsibility for the operation of the Vessel and taking over the duties and	185 186 187 188 189 190 191	237 238 239 240 241
6. Insurance Policies	193	241
The Owners shall procure, whether by instructing the Managers under sub-clause 3.4 or otherwise, that throughout the period of this Agreement:		
6.1 at the Owners' expense, the Vessel is insured for not less than her sound market value or entered for her full gross tonnage, as the case may be for:		
(i) usual hull and machinery marine risks (including crew negligence) and excess liabilities;	200 201	242
(ii) protection and indemnity risks (including pollution risks and Crew Insurances); and	202	243
(iii) war risks (including protection and indemnity and crew risks) in accordance with the best practice of prudent owners of vessels of a similar type to the Vessel, with first class insurance companies, underwriters or associations ("the Owners' Insurances");	204 205 206 207	244
6.2 all premiums and calls on the Owners' Insurances are paid promptly by their due date,	208	245
6.3 the Owners' Insurances name the Managers and, subject to underwriters' agreement, any third party designated by the Managers as a joint assured, with full cover, with the Owners obtaining cover in respect of each of the insurances specified in sub-clause 6.1;	209 210 211 212	246
(i) on terms whereby the Managers and any such third party are liable in respect of premiums or calls arising in connection with the Owners' Insurances; or	213	247
(ii) if reasonably obtainable, on terms such that neither the Managers nor any such third party shall be under any liability in respect of premiums or calls arising in connection with the Owners' Insurances; or	214	248
(iii) on such other terms as may be agreed in writing.	215	249
<i>Indicate alternative (i), (ii) or (iii) in Box 14. If Box 14 is left blank then (i) applies.</i>	216	250
6.4 written evidence is provided, to the reasonable satisfaction of the Managers, of their compliance with their obligations under Clause 6 within a reasonable time of the commencement of the Agreement, and of each renewal date and, if specifically requested, of each payment date of the Owners' Insurances.	217 218 219 220 221 222 223 224 225 226 227 228 229 230	251
7. Income Collected and Expenses Paid on Behalf of Owners	231	252
7.1 All moneys collected by the Managers under the terms of this Agreement (other than moneys payable by the Owners to the Managers) and any interest thereon shall be held to the credit of the Owners in a separate bank account.	232 233 234 235	253
7.2 All expenses incurred by the Managers under the terms of this Agreement on behalf of the Owners (including expenses as provided in Clause 8) may be debited against the Owners in the account referred to under sub-clause 7.1 but shall in any event remain payable by the Owners to the Managers on demand.	236 237 238 239 240 241	254
8. Management Fee	242	255
8.1 The Owners shall pay to the Managers for their services as Managers under this Agreement an annual management fee as stated in Box 15 which shall be payable by equal monthly - instalments in advance, the first instalment being payable on the commencement of this Agreement (see Clause 2 and Box 4) and subsequent instalments being payable every month.	243 244 245 246 247 248 249	256
8.2 The management fee shall be subject to an annual review on the anniversary date of the Agreement and the proposed fee shall be presented in the annual budget referred to in sub-clause 9.1.	250 251 252 253	257
8.3 The Managers shall, at no extra cost to the Owners, provide their own office accommodation, office staff, facilities and stationery. Without limiting the generality of Clause 7, the Owners	254 255 256	258

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PART II
"SHIPMAN 98" Standard Ship Management Agreement

shall reimburse the Managers for postage and communication expenses, travelling expenses, and other out of pocket expenses properly incurred by the Managers in pursuance of the Management Services.	257	10. Managers' Right to Sub-Contract	318
8.4 In the event of the appointment of the Managers being terminated by the Owners or the Managers in accordance with the provisions of Clauses 17 and 18 other than by reason of default by the Managers, or if the Vessel is lost, sold or otherwise disposed of, the "management fee" payable to the Managers according to the provisions of sub-clause 8.1, shall continue to be payable for a further period of three calendar months as from the termination date. In addition, provided that the Managers provide Crew for the Vessel in accordance with sub-clause 3.1:	258	The Managers shall not have the right to sub-contract any of their obligations hereunder, including those mentioned in sub-clause 3.1, without the prior written consent of the Owners which shall not be unreasonably withheld. In the event of such a sub-contract the Managers shall remain fully liable for the due performance of their obligations under this Agreement.	319
(I) the Owners shall continue to pay Crew Support Costs during the said further period of three calendar months and (II) the Owners shall pay an equitable proportion of any/all Severance Costs which may materialize are actually incurred, not exceeding the amount stated in Box 16.	259		320
8.5 If the Owners decide to lay-up the Vessel whilst this Agreement remains in force and such lay-up lasts for more than three months, an appropriate reduction of the management fee for the period exceeding three months until one month before the Vessel is again put into service shall be mutually agreed between the parties.	260		321
8.6 Unless otherwise agreed in writing all discounts and commissions obtained by the Managers in the course of the management of the Vessel shall be credited to the Owners.	261		322
9. Budgets and Management of Funds	262		323
9.1 The Managers shall present to the Owners annually a budget for the following twelve months in such form as the Owners require. The budget for the first year hereof is set out in Annex "C" hereto. Subsequent annual budgets shall be prepared by the Managers and submitted to the Owners not less than three months before the anniversary date of the commencement of this Agreement (see Clause 2 and Box 4).	263		324
9.2 The Owners shall indicate to the Managers their acceptance and approval of the annual budget within one month of presentation and in the absence of any such indication the Managers shall be entitled to assume that the Owners have accepted the proposed budget.	264		325
9.3 Following the agreement of the budget, the Managers shall prepare and present to the Owners their estimate of the working capital requirement of the Vessel and the Managers shall each month update this estimate. The owners shall provide an amount of US\$250,000 to the Managers for the working capital requirements of the vessel, which amount to be deposited in the Managers' account. Based thereon, the Managers shall each month request the Owners in writing for the funds required to make up any deficit of the US\$250,000 working capital deposit, as when required, to run the Vessel for the ensuing month, including the payment of any occasional or extraordinary item of expenditure, such as emergency repair costs, additional insurance premiums, bunkers or provisions. Such funds shall be received by the Managers within ten (running) three banking days days after the receipt by the Owners of the Managers' written or fax or telex or e-mail request and shall be held to the credit of the Owners in a separate bank account.	265		326
9.4 The Managers shall produce a comparison between budgeted and actual income and expenditure of the Vessel in such form as required by the Owners monthly or at such other intervals as mutually agreed.	266		327
9.5 Notwithstanding anything contained herein to the contrary, the Managers shall in no circumstances be required to use or commit their own funds to finance the provision of the Management Services.	267	11. Responsibilities	328
	268	11.1 <i>Force Majeure</i> - Neither the Owners nor the Managers shall be under any liability for any failure to perform any of their obligations hereunder by reason of any cause whatsoever of any nature or kind beyond their reasonable control.	329
	269	11.2 <i>Liability to Owners</i> - (I) Without prejudice to sub-clause 11.1, the Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect, (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel) and howsoever arising in the course of performance of the Management Services UNLESS same is proved to have resulted solely from the negligence, gross negligence or wilful default of the Managers or their employees, or agents or sub-contractors employed by them in connection with the Vessel. In which case (save where loss, damage, delay or expense has resulted from the Managers' personal act or omission committed with the intent to cause same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of ten times the annual management fee payable hereunder.	330
	270	(II) Notwithstanding anything that may appear to the contrary in this Agreement, the Managers shall not be liable for any of the actions of the Crew, even if such actions are negligent, grossly negligent or wilful, except only to the extent that they are shown to have resulted from a failure by the Managers to discharge their obligations under sub-clause 3.1, in which case their liability shall be limited in accordance with the terms of this Clause 11.	331
	271	11.3 <i>Indemnity</i> - Except to the extent and solely for the amount therein set out that the Managers would be liable under sub-clause 11.2, the Owners hereby undertake to keep the Managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of the Agreement, and against and in respect of all costs, losses, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.	332
	272	11.4 " <i>Himalaya</i> " - It is hereby expressly agreed that no employee or agent of the Managers (including every subcontractor from time to time employed by the Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in connection with his employment and, without prejudice to the generality of the foregoing provisions in this Clause 11, every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Managers or to which the Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Managers acting as aforesaid and for the purpose of all the foregoing provisions of this Clause 11 the Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all	333
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PART II
"SHIPMAN 98" Standard Ship Management Agreement

persons who are or might be their servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.	385 388 387 388	owners of any associated vessel, details of which are listed in Annex "D", shall not have been received in the Managers' nominated account within ten-five running days of receipt by the Owners of the Managers written request or if the Vessel is repossessed by the Mortgagees.	445 448 447 448 449
12. Documentation Where the Managers are providing Technical Management in accordance with sub-clause 3.2 and/or Crew Management in accordance with sub-clause 3.1, they shall make available, upon Owners' request, all documentation and records related to the Safety Management System (SMS) and/or the Crew which the Owners need in order to demonstrate compliance with the ISM Code and STCW 95 or to defend a claim against a third party.	389 390 391 392 393 394 395 396 397	(ii) If the Owners: (a) fail to meet their obligations under sub-clauses 5.2 and 5.3 of this Agreement for any reason within their control, or (b) proceed with the employment of or continue to employ the Vessel in the carriage of contraband, blockade running, or in an unlawful trade, or on a voyage which in the reasonable opinion of the Managers is unduly hazardous or improper,	450 451 452 453 454 455 456 457 458
13. General Administration 13.1 The Managers shall handle and settle all claims arising out of the Management Services hereunder and keep the Owners informed regarding any incident of which the Managers become aware which gives or may give rise to claims or disputes involving third parties. 13.2 The Managers shall, as instructed by the Owners, bring or defend actions, suits or proceedings in connection with matters entrusted to the Managers according to this Agreement. 13.3 The Managers shall also have power to obtain legal or technical or other outside expert advice in relation to the handling and settlement of claims and disputes or all other matters affecting the interests of the Owners in respect of the Vessel. 13.4 The Owners shall arrange for the provision of any necessary guarantee bond or other security. 13.5 Any costs reasonably incurred by the Managers in carrying out their obligations according to Clause 13 shall be reimbursed by the Owners.	398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415	the Managers may give notice of the default to the Owners, requiring them to remedy it as soon as practically possible. In the event that the Owners fail to remedy it within a reasonable time to the satisfaction of the Managers, the Managers shall be entitled to terminate the Agreement with immediate effect by notice in writing. 18.2 Managers' Default If the Managers fail to meet their obligations under Clauses 3 and 4 of this Agreement for any reason within the control of the Managers, the Owners may give notice to the Managers of the default, requiring them to remedy it as soon as practically possible. In the event that the Managers fail to remedy it within a reasonable time to the satisfaction of the Owners, the Owners shall be entitled to terminate the Agreement with immediate effect by notice in writing. 18.3 Extraordinary Termination This Agreement shall be deemed to be terminated in the case of the sale of the Vessel or if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned. 18.4 For the purpose of sub-clause 18.3 hereof (I) the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Owners cease to be registered as Owners of the Vessel; (II) the Vessel shall not be deemed to be lost unless either she has become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.	459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478
14. Auditing The Managers shall at all times maintain and keep true and correct accounts and shall make the same available for inspection and auditing by the Owners at such times as may be mutually agreed. On the termination, for whatever reasons, of this Agreement, the Managers shall release to the Owners, if so requested, the originals where possible, or otherwise certified copies, of all such accounts and all documents specifically relating to the Vessel and her operation.	416 417 418 419 420 421 422 423 424	18.5 This Agreement shall terminate forthwith in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors. 18.6 The termination of this Agreement shall be without prejudice to all rights accrued due between the parties prior to the date of termination.	479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500
15. Inspection of Vessel The Owners shall have the right at any time after giving reasonable notice to the Managers to inspect the Vessel for any reason they consider necessary.	425 426 427 428	19. Law and Arbitration 19.1 This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause. The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.	501 502 503 504 505 506 507 508 509 510 511 512
16. Compliance with Laws and Regulations The Managers will not do or permit to be done anything which might cause any breach or infringement of the laws and regulations of the Vessel's flag, or of the places where she trades.	429 430 431 432		
17. Duration of the Agreement This Agreement shall come into effect on the day and year stated in Box 4 and shall continue until the date stated in Box 17. However either party to have the right to terminate this agreement by thereafter it shall continue until terminated by either party giving to the other notice in writing, in which event the Agreement shall terminate upon the expiration of a period of two-three months from the date upon which such notice was given.	433 434 435 436 437 438 439		
18. Termination 18.1 Owners' default (I) The Managers shall be entitled to terminate the Agreement with immediate effect by notice in writing if any moneys payable by the Owners under this Agreement and/or the	440 441 442 443 444		

PART II
"SHIPMAN 98" Standard Ship Management Agreement

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

19.2 This Agreement shall be governed by and construed in accordance with Title 8 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Agreement shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be

513	final, and for the purposes of enforcing any award,	543
514	judgement may be entered on an award by any court of	544
515	competent jurisdiction. The proceedings shall be conducted	545
516	in accordance with the rules of the Society of Maritime	546
517	Arbitrators, Inc.	547
518	In cases where neither the claim nor any counterclaim	548
519	exceeds the sum of USD50,000 (or such other sum as the	549
520	parties may agree) the arbitration shall be conducted in	550
521	accordance with the Shortened Arbitration Procedure of the	551
522	Society of Maritime Arbitrators, Inc. current at the time when	552
523	the arbitration proceedings are commenced.	553
524	19.3 This Agreement shall be governed by and construed	554
525	in accordance with the laws of the place mutually agreed by	555
526	the parties and any dispute arising out of or in connection	556
527	with this Agreement shall be referred to arbitration at a	557
528	mutually agreed place, subject to the procedures applicable	558
529	there.	559
530	19.4 If <u>Box 18</u> in Part I is not appropriately filled in, sub-	560
531	clause <u>19.1</u> of this Clause shall apply.	561
532	 <i>Note: <u>19.1</u>, <u>19.2</u> and <u>19.3</u> are alternatives; Indicate alternative agreed in <u>Box 18</u>.</i>	
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536	20. Notices	564
537	20.1 Any notice to be given by either party to the other	565
538	party shall be in writing and may be sent by fax, telex,	566
539	registered or recorded mail or by personal service.	567
540	20.2 The address of the Parties for service of such	568
541	communication shall be as stated in Boxes <u>19</u> and <u>20</u> ,	569
542	respectively.	570



**ANNEX "A" (DETAILS OF VESSEL OR VESSELS) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

05/01/06

Name of Vessel(s):

MT Monte Rosso

Particulars of Vessel(s):

Built: 1987, by Santierul Naval Constanta

Malta Flag

Registered in Valletta, Malta

Call Sign: 9HOT3

IMO Nr.: 8513625

Class: DNV

GT/NT: 50,571/30,696

DWT: 88,850 MT on 14.022m

LOA: 228.15m, Beam: 43m

Printed by BIMCO's idea

**ANNEX "B" (DETAILS OF CREW) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

05/01/06

Details of Crew:

Numbers	Rank	Nationality
1	MASTER	GREEK
1	CH.OFFICER	GREEK
1	2 ND MATE	RUSSIAN
1	3 RD MATE	RUSSIAN
1	CH. ENGINEER	GREEK
1	2 ND ENGINEER	GREEK
1	3 RD ENGINEER	RUSSIAN
1	4 TH ENGINEER	RUSSIAN
1	EL/CIAN	RUSSIAN
1	BOSUN	RUSSIAN
1	PUMPMAN	RUSSIAN
1	A.B.	RUSSIAN
1	A.B.	RUSSIAN
1	A.B.	RUSSIAN
1	MOTORMAN	RUSSIAN
1	MOTORMAN	RUSSIAN
1	FITTER	RUSSIAN
1	OILER	RUSSIAN
1	OILER	RUSSIAN
1	WIPER	RUSSIAN
1	ASS. STEWARD	RUSSIAN
1	ASS. STEWARD	RUSSIAN
1	SUP/TRY	RUSSIAN
1	COOK	RUSSIAN

**ANNEX "C" (BUDGET) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

05/01/06

Managers' Budget for the first year with effect from the Commencement Date of this Agreement:

CREW WAGES	\$1,050,000
MARINE INSURANCES	\$105,000
P&I AND DEFENSE	\$125,000
STORES (DECK, ENGINE, CABIN, BONDED)	\$160,000
REPAIRS / MAINTENANCE	\$450,000
CREW REPLACEMENT AND OTHER EXPENSES INCLUDING MEDICAL	\$75,000
VICTUALLING	\$80,000
FLAG EXPENSES	\$15,000
SPARES	\$250,000
RADIO	\$20,000
GENERAL SUPPLY EXPENSES, OPA 90, VESSELS INSPECTIONS	\$20,000
LUBRICANTS	\$90,000
MANAGEMENT	\$250,000
UNFORSEEN	\$30,000
TOTAL	\$2,720,000

In addition to the above the Voyage expenses must be added.

P&I DEDUCTIBLES

CARGO CLAIMS	\$ 15,650.00 EACH CARGO VOYAGE
CREW ILLNESS	\$ 5,250.00 PER PORT
CREW INJURY/LOSS OF LIFE	\$ 5,250.00 PER PERSON PER PORT
ALL OTHER CLAIMS	\$ 5,250.00

FD&D DEDUCTIBLES \$ 1,000.00 EACH DISPUTE

INSURANCE POLICY COVER

H&M INSURED VALUE	\$ 18 MILLION
INCREASED VALUE	\$ 2 MILLION

DEDUCTIBLE ON H&M INS COVER (\$ 18 MILLION) \$ 100,000

VESSEL INSURED FOR WAR RISK WITH LLOYDS

H&M INSURANCE	\$ 18 MILLION
INCREASED VALUE	\$ 2 MILLION

All figures about and without guarantee

**ANNEX "D" (ASSOCIATED VESSELS) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

**NOTE: PARTIES SHOULD BE AWARE THAT BY COMPLETING THIS ANNEX "D"
THEY WILL BE SUBJECT TO THE PROVISIONS OF SUB-CLAUSE 18.1(i) OF THIS
AGREEMENT.**

Date of Agreement:

05/01/06

Details of Associated Vessels:

MT Symphony M

Built 1983 by Asakawa Ship Building Japan

Dwt: 10,885 MT

IMO Nr: 8216681

MT Monte Verde

Built 1980 by Hitachi Zosen

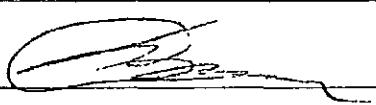
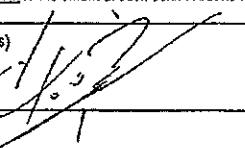
Dwt: 86,993 MT

IMO Nr: 7902960

EXHIBIT 3

Approved by the International Ship Managers' Association (ISMA)	<p>1. Date of Agreement 01/01/06</p> <p>THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO) STANDARD SHIP MANAGEMENT AGREEMENT CODE NAME: "SHIPMAN 98"</p> <p></p> <p>Part I</p>	
	2. Owners (name, place of registered office and law of registry) (Cl. 1)	3. Managers (name, place of registered office and law of registry) (Cl. 1)
	<p>Name Balehill Trading S.A.</p> <p>Place of registered office Valletta, Malta</p> <p>Law of registry Malta</p>	<p>Name Palomar Maritime Inc.</p> <p>Place of registered office Monrovia, 8 Broad Street, Liberia</p> <p>Law of registry Liberia</p>
	4. Day and year of commencement of Agreement (Cl. 2) 01/01/06	
	5. Crew Management (state "yes" or "no" as agreed) (Cl. 3.1) YES	6. Technical Management (state "yes" or "no" as agreed) (Cl. 3.2) YES
	7. Commercial Management (state "yes" or "no" as agreed) (Cl. 3.3) NO	8. Insurance Arrangements (state "yes" or "no" as agreed) (Cl. 3.4) YES
	9. Accounting Services (state "yes" or "no" as agreed) (Cl. 3.5) YES	10. Sale or purchase of the Vessel (state "yes" or "no" as agreed) (Cl. 3.6) YES
	11. Provisions (state "yes" or "no" as agreed) (Cl. 3.7) YES	12. Bunkering (state "yes" or "no" as agreed) (Cl. 3.8) NO, but cl. 3.8 to apply
	13. Chartering Services Period (only to be filled in if "yes" stated in Box 7) (Cl. 3.3(l)) NO	14. Owners' Insurance (state alternative (i), (ii) or (iii) of Cl. 6.3) (ii)
	15. Annual Management Fee (state annual amount) (Cl. 8.1) US\$250,000	16. Severance Costs (state maximum amount) (Cl. 8.4(ii)) All Severance costs as per Crew's Employment Agreement
	17. Day and year of termination of Agreement (Cl. 17) 1 year after commencement	18. Law and Arbitration (state alternative 19.1, 19.2 or 19.3; if 19.3 place of arbitration must be stated) (Cl. 19) 19.1
	19. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Owners) (Cl. 20) Balehill Trading S.A. c/o Spectrum Trading and Shipping (STS) Inc. 31 Novinskiy Boulevard, Office 8068. Moscow Russia 123242 Tel: +7 095 9814788 Fax: +7 095 9814789 Email: Tanker@spectru	20. Notices (state postal and cable address, telex and telefax number for serving notice and communication to the Managers) (Cl. 20) Palomar Maritime Inc. Kantharou 1 & Akti Mlaouli 75, 18537, Athens, Greece Fax: +30 210 4280064, Tlx: 212939 REMI GR, Email: Operations@Palomarmaritime.com

It is mutually agreed between the party stated in Box 2 and the party stated in Box 3 that this Agreement consisting of PART I and PART II as well as Annexes "A" (Details of Vessel), "B" (Details of Crew), "C" (Budget) and "D" (Associated vessels) attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART I and Annexes "A", "B", "C" and "D" shall prevail over those of PART II to the extent of such conflict but no further.

Signature(s) (Owners)	Signature(s) (Managers)
	

PART II
"SHIPMAN 98" Standard Ship Management Agreement

5

1. Definitions

In this Agreement save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them.

"*Owners*" means the party identified in Box 2.

"*Managers*" means the party identified in Box 3.

"*Vessel*" means the vessel or vessels details of which are set out in Annex "A" attached hereto.

"*Crew*" means the Master, Officers and ratings of the numbers, rank and nationality specified in Annex "B" attached hereto.

"*Crew Support Costs*" means all expenses of a general nature which are not particularly referable to any individual vessel for the time being managed by the Managers and which are incurred by the Managers for the purpose of providing an efficient and economic management service and, without prejudice to the generality of the foregoing, shall include the cost of crew standby pay, training schemes for officers and ratings, cadet training schemes, sick pay, study pay, recruitment and interviews.

"*Severance Costs*" means the costs which the employers are legally obliged to pay to or in respect of the Crew as a result of the early termination of any employment contract for service on the Vessel.

"*Crew Insurances*" means insurances against crew risks which shall include but not be limited to death, sickness, repatriation, injury, shipwreck, unemployment indemnity and loss of personal effects.

"*Management Services*" means the services specified in sub-clauses 3.1 to 3.8 as indicated affirmatively in Boxes 5 to 12.

"*ISM Code*" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention as adopted by the International Maritime Organization (IMO) by resolution A.741(18) or any subsequent amendment thereto.

"*STCW 95*" means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 or any subsequent amendment thereto.

2. Appointment of Managers

With effect from the day and year stated in Box 4 and continuing unless and until terminated as provided herein, the Owners hereby appoint the Managers and the Managers hereby agree to act as the Managers of the Vessel.

3. Basis of Agreement

Subject to the terms and conditions herein provided, during the period of this Agreement, the Managers shall carry out Management Services in respect of the Vessel as agents for and on behalf of the Owners. The Managers shall have authority to take such actions as they may from time to time in their absolute discretion consider to be necessary to enable them to perform this Agreement in accordance with sound ship management practice.

3.1 Crew Management

(*only applicable if agreed according to Box 5*)

The Managers shall provide suitably qualified Crew for the Vessel as required by the Owners in accordance with the STCW 95 requirements, provision of which includes but is not limited to the following functions:

- (i) selecting and engaging the Vessel's Crew, including payroll arrangements, pension administration, and insurances for the Crew other than those mentioned in Clause 6;
- (ii) ensuring that the applicable requirements of the law of the flag of the Vessel are satisfied in respect of manning levels, rank, qualification and certification of the Crew and employment regulations including Crew's tax, social insurance, discipline and other requirements;
- (iii) ensuring that all members of the Crew have passed a medical examination with a qualified doctor certifying that they are fit

1	for the duties for which they are engaged and are in possession of valid medical certificates issued in accordance with appropriate flag State requirements. In the absence of applicable flag State requirements the medical certificate shall be dated not more than three months prior to the respective Crew members leaving their country of domicile and maintained for the duration of their service on board the Vessel;	66
2	(iv) ensuring that the Crew shall have a command of the English language of a sufficient standard to enable them to perform their duties safely;	67
3	(v) arranging transportation of the Crew, including repatriation;	68
4	(vi) training of the Crew and supervising their efficiency;	69
5	(vii) conducting union negotiations;	70
6	(viii) operating the Managers' drug and alcohol policy, unless otherwise agreed.	71
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18	3.2 Technical Management <i>(only applicable if agreed according to Box 6)</i>	83
19	The Managers shall provide technical management which includes, but is not limited to, the following functions:	84
20	(i) provision of competent personnel to supervise the maintenance and general efficiency of the Vessel;	85
21	(ii) arrangement and supervision of dry dockings, repairs, alterations and the upkeep of the Vessel to the standards required by the Owners provided that the Managers shall be entitled to incur the necessary expenditure to ensure that the Vessel will comply with the law of the flag of the Vessel and of the places where she trades, and all requirements and recommendations of the classification society;	86
22	(iii) arrangement of the supply of necessary stores, spares and lubricating oil;	87
23	(iv) appointment of surveyors and technical consultants as the Managers may consider from time to time to be necessary;	88
24	(v) development, implementation and maintenance of a Safety Management System (SMS) in accordance with the ISM Code (see sub-clauses 4.2 and 5.3);	89
25	(vi) all aspects of ISPS compliance	90
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38	3.3 Commercial Management <i>(only applicable if agreed according to Box 7)</i>	103
39	The Managers shall provide the commercial operation of the Vessel, as required by the Owners, which includes, but is not limited to, the following functions:	104
40	(i) providing chartering services in accordance with the Owners' instructions which include, but are not limited to, seeking and negotiating employment for the Vessel and the conclusion (including the execution thereof) of charter parties or other contracts relating to the employment of the Vessel. If such a contract exceeds the period stated in <u>Box 13</u> , consent thereto in writing shall first be obtained from the Owners;	105
41	(ii) arranging of the proper payment to Owners or their nominees of all hire and/or freight revenues or other moneys of whatsoever nature to which Owners may be entitled arising out of the employment of or otherwise in connection with the Vessel;	106
42	(iii) providing voyage estimates and accounts and calculating of hire, freight, demurrage and/or despatch moneys due from or due to the charterers of the Vessel;	107
43	(iv) issuing of voyage instructions;	108
44	(v) appointing agents;	109
45	(vi) appointing stevedores;	110
46	(vii) arranging surveys associated with the commercial operation of the Vessel.	111
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62	3.4 Insurance Arrangements <i>(only applicable if agreed according to Box 8)</i>	127
63	The Managers shall arrange insurances in accordance with Clause 6, on such terms and conditions as the Owners shall presently applicable to Sellers/Managers	128
64	have instructed or agreed, in particular regarding co-conditions	129
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PART II
"SHIPMAN 98" Standard Ship Management Agreement

Including,			
Insured values, deductibles and franchises, etc.	132	responsibilities imposed by the ISM Code when applicable.	
3.5 Accounting Services <i>(only applicable if agreed according to Box 9)</i>	133	6. Insurance Policies	193
The Managers shall:	134	The Owners shall procure, whether by instructing the Managers	194
(I) establish an accounting system which meets the	135	under sub-clause 3.4 or otherwise, that throughout the period of	195
requirements of the Owners and provide regular accounting	136	this Agreement:	196
services, supply regular reports and records, such accounting	137	6.1 at the Owners' expense, the Vessel is insured for not less	197
services to be provided by Moore Stephens and all costs to be for	138	than her sound market value or entered for her full gross tonnage,	198
owner's account		as the case may be for:	199
(II) maintain the records of all costs and expenditure incurred	139	(I) usual hull and machinery marine risks (including crew	200
as well as data necessary or proper for the settlement of	140	negligence) and excess liabilities;	201
accounts between the parties.	141	(II) protection and indemnity risks (including pollution risks and	202
Crew Insurances); and		203	
3.6 Sale or Purchase of the Vessel <i>(only applicable if agreed according to Box 10)</i>	142	(III) war risks (including protection and indemnity and crew risks)	204
The Managers shall, in accordance with the Owners' Instructions,	143	in accordance with the best practice of prudent owners of	205
supervise the sale or purchase of the Vessel, including the	144	vessels of a similar type to the Vessel, with first class insurance	206
performance of any sale or purchase agreement, but not	145	companies, underwriters or associations ("the Owners'	207
negotiation of the same.	146	Insurances");	208
	147	6.2 all premiums and calls on the Owners' Insurances are paid	209
		promptly by their due date,	210
3.7 Provisions <i>(only applicable if agreed according to Box 11)</i>	148	6.3 the Owners' Insurances name the Managers and, subject	211
The Managers shall arrange for the supply of provisions.	149	to underwriters' agreement, any third party designated by the	212
3.8 Bunkering <i>(only applicable if agreed according to Box 12)</i>	150	Managers as a joint assured, with full cover, with the Owners	213
The Managers/Owners shall arrange for the provision of bunker fuel	151	obtaining cover in respect of each of the insurances specified in	214
of the		sub-clause 6.1:	215
quality specified by the Owner resulting for the type of the Vessel's	152	(I) on terms whereby the Managers and any such third party	216
engine as required for the Vessel's trade.		are liable in respect of premiums or calls arising in connection	217
4. Managers' Obligations	153	with the Owners' Insurances; or	218
4.1 The Managers undertake to use their best endeavours to	154	(II) if reasonably obtainable, on terms such that neither the	219
provide the agreed Management Services as agents for and on	155	Managers nor any such third party shall be under any	220
behalf of the Owners in accordance with sound ship management	156	liability in respect of premiums or calls arising in connection	221
practice and to protect and promote the interests of the Owners in	157	with the Owners' Insurances; or	222
all matters relating to the provision of services hereunder.	158	(III) on such other terms as may be agreed in writing.	223
Provided, however, that the Managers in the performance of their	159	<i>Indicate alternative (i), (ii) or (iii) in Box 14, if Box 14 is left</i>	224
management responsibilities under this Agreement shall be entitled	160	<i>blank then (i) applies.</i>	225
to have regard to their overall responsibility in relation to all vessels	161	6.4 written evidence is provided, to the reasonable satisfaction	226
as may from time to time be entrusted to their management and	162	of the Managers, of their compliance with their obligations under	227
in particular, but without prejudice to the generality of the foregoing,	163	Clause 6 within a reasonable time of the commencement of	228
the Managers shall be entitled to allocate available supplies,	164	the Agreement, and of each renewal date and, if specifically	229
manpower and services in such manner as in the prevailing	165	requested, of each payment date of the Owners' Insurances.	230
circumstances the Managers in their absolute discretion consider			
to be fair and reasonable.			
4.2 Where the Managers are providing Technical Management	166	7. Income Collected and Expenses Paid on Behalf of Owners	231
In accordance with sub-clause 3.2, they shall procure that the	167	7.1 All moneys collected by the Managers under the terms of	232
requirements of the law of the flag of the Vessel are satisfied and	168	this Agreement (other than moneys payable by the Owners to	233
they shall in particular be deemed to be the "Company" as defined	169	the Managers) and any interest thereon shall be held to the	234
by the ISM Code, assuming the responsibility for the operation of	170	credit of the Owners in a separate bank account.	235
the Vessel and taking over the duties and responsibilities imposed	171	7.2 All expenses incurred by the Managers under the terms	236
by the ISM Code when applicable.	172	of this Agreement on behalf of the Owners (including expenses	237
	173	as provided in Clause 8) may be debited against the Owners	238
5. Owners' Obligations	174	in the account referred to under sub-clause 7.1 but shall in any	239
5.1 The Owners shall pay all sums due to the Managers punctually	175	event remain payable by the Owners to the Managers on	240
in accordance with the terms of this Agreement.	176	demand.	241
5.2 Where the Managers are providing Technical Management	177	8. Management Fee	242
in accordance with sub-clause 3.2, the Owners shall:	178	8.1 The Owners shall pay to the Managers for their services	243
(I) procure that all officers and ratings supplied by them or on	179	as Managers under this Agreement an annual management	244
their behalf comply with the requirements of STCW 95;	180	fee as stated in Box 15 which shall be payable by equal	245
(II) instruct such officers and ratings to obey all reasonable orders	181	Monthly - Instalments in advance, the first instalment being	246
of the Managers in connection with the operation of the	182	payable on the commencement of this Agreement (see Clause	247
Managers' safety management system.	183	2 and Box 4) and subsequent instalments being payable every	248
5.3 Where the Managers are not providing Technical Management	184	month.	249
In accordance with sub-clause 3.2, the Owners shall procure that	185	8.2 The management fee shall be subject to an annual review	250
the requirements of the law of the flag of the Vessel are satisfied	186	on the anniversary date of the Agreement and the proposed	251
and that they, or such other entity as may be appointed by them	187	fee shall be presented in the annual budget referred to in sub-	252
and identified to the Managers, shall be deemed to be the	188	clause 9.1.	253
"Company" as defined by the ISM Code assuming the responsibility	189	8.3 The Managers shall, at no extra cost to the Owners, provide	254
for the operation of the Vessel and taking over the duties and	190	their own office accommodation, office staff, facilities and	255
	191	stationery. Without limiting the generality of Clause 7 the Owners	256

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PART II

shall reimburse the Managers for postage and communication expenses, travelling expenses, and other out of pocket expenses properly incurred by the Managers in pursuance of the Management Services.	257	10. Managers' Right to Sub-Contract	318
8.4 In the event of the appointment of the Managers being terminated by the Owners or the Managers in accordance with the provisions of Clauses 17 and 18 other than by reason of default by the Managers, or if the Vessel is lost, sold or otherwise disposed of, the "management fee" payable to the Managers according to the provisions of sub-clause 8.1, shall continue to be payable for a further period of three calendar months as from the termination date. In addition, provided that the Managers provide Crew for the Vessel in accordance with sub-clause 3.1:	258	The Managers shall not have the right to sub-contract any of their obligations hereunder, including those mentioned in sub-clause 3.1, without the prior written consent of the Owners which shall not be unreasonably withheld. In the event of such a sub-contract the Managers shall remain fully liable for the due performance of their obligations under this Agreement.	319
(i) the Owners shall continue to pay Crew Support Costs during the said further period of three calendar months and	259		320
(ii) the Owners shall pay an equitable proportion of any/all Severance Costs which may materialize are actually incurred, not exceeding	260		321
the amount stated in Box 18.	261		322
8.5 If the Owners decide to lay-up the Vessel whilst this Agreement remains in force and such lay-up lasts for more than three months, an appropriate reduction of the management fee for the period exceeding three months until one month before the Vessel is again put into service shall be mutually agreed between the parties.	262		323
8.6 Unless otherwise agreed in writing all discounts and commissions obtained by the Managers in the course of the management of the Vessel shall be credited to the Owners.	263		324
9. Budgets and Management of Funds	264		
9.1 The Managers shall present to the Owners annually a budget for the following twelve months in such form as the Owners require. The budget for the first year hereof is set out in Annex 'C' hereto. Subsequent annual budgets shall be prepared by the Managers and submitted to the Owners not less than three months before the anniversary date of the commencement of this Agreement (see Clause 2 and Box 4).	265	11.1 <i>Force Majeure</i> - Neither the Owners nor the Managers shall be under any liability for any failure to perform any of their obligations hereunder by reason of any cause whatsoever of any nature or kind beyond their reasonable control.	325
9.2 The Owners shall indicate to the Managers their acceptance and approval of the annual budget within one month week of presentation and in the absence of any such indication the Managers shall be entitled to assume that the Owners have accepted the proposed budget.	266	11.2 <i>Liability to Owners</i> - (i) Without prejudice to sub-clause 11.1, the Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect, (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel) and howsoever arising in the course of performance of the Management Services UNLESS same is proved to have resulted solely from the negligence, gross negligence or wilful default of the Managers or their employees, or agents or sub-contractors employed by them in connection with the Vessel, in which case (save where loss, damage, delay or expense has resulted from the Managers' personal act or omission committed with the intent to cause same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of ten-times-the annual management fee payable hereunder.	326
9.3 Following the agreement of the budget, the Managers shall prepare and present to the Owners their estimate of the working capital requirement of the Vessel and the Managers shall each month update this estimate. The owners shall provide an amount of US\$250,000 to the Managers for the working capital requirements of the vessel, which amount to be deposited in the Managers' account. Based thereon, the Managers shall each month request the Owners in writing for the funds required to make up any deficit of the US\$250,000 working capital deposit, as when required,	267	(ii) Notwithstanding anything that may appear to the contrary in this Agreement, the Managers shall not be liable for any of the actions of the Crew, even if such actions are negligent, grossly negligent or wilful, except only to the extent that they are shown to have resulted from a failure by the Managers to discharge their obligations under sub-clause 3.1, in which case their liability shall be limited in accordance with the terms of this Clause 11.	327
To run the Vessel for the ensuing month, including the payment of any occasional or extraordinary item of expenditure, such as emergency repair costs, additional insurance premiums, bunkers or provisions. Such funds shall be received by the Managers within ten running three banking days days after the receipt by the Owners of the	268	11.3 <i>Indemnity</i> - Except to the extent and solely for the amount therein set out that the Managers would be liable under sub-clause 11.2, the Owners hereby undertake to keep the Managers and their employees, agents and sub-contractors indemnified end to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of the Agreement, and against and in respect of all costs, losses, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.	328
Managers' written or fax or telex or e-mail request and shall be held to the credit of the Owners in a separate bank account.	269	11.4 <i>"Himalaya"</i> - It is hereby expressly agreed that no employee or agent of the Managers (including every subcontractor from time to time employed by the Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in connection with his employment and, without prejudice to the generality of the foregoing provisions in this Clause 11, every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Managers or to which the Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Managers acting as aforesaid and for the purpose of all the foregoing provisions of this Clause 11 the Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all	329
9.4 The Managers shall produce a comparison between budgeted and actual income and expenditure of the Vessel in such form as required by the Owners monthly or at such other intervals as mutually agreed.	270		330
9.5 Notwithstanding anything contained herein to the contrary, the Managers shall in no circumstances be required to use or commit their own funds to finance the provision of the Management Services.	271		331
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persons who are or might be their servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.	385 386 387 388	owners of any associated vessel, details of which are listed in Annex "D", shall not have been received in the Managers' nominated account within ten-five running days of receipt by the Owners or the Managers written request or if the Vessel is repossessed by the Mortgagors.	445 446 447 448 449
12. Documentation Where the Managers are providing Technical Management in accordance with sub-clause 3.2 and/or Crew Management in accordance with sub-clause 3.1, they shall make available, upon Owners' request, all documentation and records related to the Safety Management System (SMS) and/or the Crew which the Owners need in order to demonstrate compliance with the ISM Code and STCW 95 or to defend a claim against a third party.	389 390 391 392 393 394 395 396 397	(ii) If the Owners: (a) fail to meet their obligations under sub-clauses 5.2 and 5.3 of this Agreement for any reason within their control, or (b) proceed with the employment of or continue to employ the Vessel in the carriage of contraband, blockade running, or in an unlawful trade, or on a voyage which in the reasonable opinion of the Managers is unduly hazardous or improper,	450 451 452 453 454 455 456 457 458
13. General Administration 13.1 The Managers shall handle and settle all claims arising out of the Management Services hereunder and keep the Owners informed regarding any incident of which the Managers become aware which gives or may give rise to claims or disputes involving third parties. 13.2 The Managers shall, as instructed by the Owners, bring or defend actions, suits or proceedings in connection with matters entrusted to the Managers according to this Agreement. 13.3 The Managers shall also have power to obtain legal or technical or other outside expert advice in relation to the handling and settlement of claims and disputes or all other matters affecting the interests of the Owners in respect of the Vessel. 13.4 The Owners shall arrange for the provision of any necessary guarantee bond or other security. 13.5 Any costs reasonably incurred by the Managers in carrying out their obligations according to Clause 13 shall be reimbursed by the Owners.	398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415	the Managers may give notice of the default to the Owners, requiring them to remedy it as soon as practically possible. In the event that the Owners fail to remedy it within a reasonable time to the satisfaction of the Managers, the Managers shall be entitled to terminate the Agreement with immediate effect by notice in writing.	459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478
14. Auditing The Managers shall at all times maintain and keep true and correct accounts and shall make the same available for inspection and auditing by the Owners at such times as may be mutually agreed. On the termination, for whatever reasons, of this Agreement, the Managers shall release to the Owners, if so requested, the originals where possible, or otherwise certified copies, of all such accounts and all documents specifically relating to the Vessel and her operation.	416 417 418 419 420 421 422 423 424	18.2 <i>Managers' Default</i> If the Managers fail to meet their obligations under Clauses 3 and 4 of this Agreement for any reason within the control of the Managers, the Owners may give notice to the Managers of the default, requiring them to remedy it as soon as practically possible. In the event that the Managers fail to remedy it within a reasonable time to the satisfaction of the Owners, the Owners shall be entitled to terminate the Agreement with immediate effect by notice in writing.	466 467 468 469 470 471 472 473 474 475 476 477 478
15. Inspection of Vessel The Owners shall have the right at any time after giving reasonable notice to the Managers to inspect the Vessel for any reason they consider necessary.	425 426 427 428	18.3 <i>Extraordinary Termination</i> This Agreement shall be deemed to be terminated in the case of the sale of the Vessel or if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned.	479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500
16. Compliance with Laws and Regulations The Managers will not do or permit to be done anything which might cause any breach or infringement of the laws and regulations of the Vessel's flag, or of the places where she trades.	429 430 431 432	18.4 For the purpose of sub-clause 18.3 hereof (i) the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Owners cease to be registered as Owners of the Vessel; (ii) the Vessel shall not be deemed to be lost unless either she has become an actual total loss or agreement has been reached with her underwriters in respect of her constructive, compromised or arranged total loss or if such agreement with her underwriters is not reached it is adjudged by a competent tribunal that a constructive loss of the Vessel has occurred.	491 492 493 494 495 496 497 498 499 500
17. Duration of the Agreement This Agreement shall come into effect on the day and year stated in Box 4 and shall continue until the date stated in Box 17. However either party to have the right to terminate this agreement by thereafter it shall continue until terminated by either party giving to the other notice in writing, in which event the Agreement shall terminate upon the expiration of a period of two-three months from the date upon which such notice was given.	433 434 435 436 437 438 439	18.5 This Agreement shall terminate forthwith in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors.	501 502 503 504 505 506 507 508 509 510 511 512
18. Termination 18.1 <i>Owners' default</i> (i) The Managers shall be entitled to terminate the Agreement with immediate effect by notice in writing if any moneys payable by the Owners under this Agreement and/or the	440 441 442 443 444	18.6 The termination of this Agreement shall be without prejudice to all rights accrued due between the parties prior to the date of termination.	513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 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The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

19.2 This Agreement shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Agreement shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two chosen; their decision or that of any two of them shall be

513	final and for the purposes of enforcing any award,	543
514	judgement may be entered on an award by any court of	544
515	competent jurisdiction. The proceedings shall be conducted	545
516	in accordance with the rules of the Society of Maritime	546
517	Arbitrators, Inc.	547
518	In cases where neither the claim nor any counterclaim	548
519	exceeds the sum of USD50,000 (or such other sum as the	549
520	parties may agree) the arbitration shall be conducted in	550
521	accordance with the Shortened Arbitration Procedure of the	551
522	Society of Maritime Arbitrators, Inc. current at the time when	552
523	the arbitration proceedings are commenced.	553
524	19.3 This Agreement shall be governed by and construed	554
525	in accordance with the laws of the place mutually agreed by	555
526	the parties and any dispute arising out of or in connection	556
527	with this Agreement shall be referred to arbitration at a	557
528	mutually agreed place, subject to the procedures applicable	558
529	there.	559
530	19.4 If Box 18 in Part I is not appropriately filled in, sub-	560
531	clause 19.1 of this Clause shall apply.	561
532	 	
533	<i>Note: 19.1, 19.2 and 19.3 are alternatives; indicate</i>	562
534	<i>alternative agreed in Box 18.</i>	563
535	 	
536	20. Notices	564
537	20.1 Any notice to be given by either party to the other	565
538	party shall be in writing and may be sent by fax, telex,	566
539	registered or recorded mail or by personal service.	567
540	20.2 The address of the Parties for service of such	568
541	communication shall be as stated in Boxes 19 and 20,	569
542	respectively.	570

**ANNEX "A" (DETAILS OF VESSEL OR VESSELS) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

01/01/06

Name of Vessel(s):

MT Monte Verde

Particulars of Vessel(s):

Built: 1980, by Hitachi Zosen

Greek Flag

Registered in Andros, Greece

Call Sign: SXJZ

IMO Nr.: 7902960

Class: Bureau Veritas

GT/NT: 52,743/21,985

DWT: 86,993 MT on 12.777m

LOA: 243.5m, Beam: 42m

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**ANNEX "B" (DETAILS OF CREW) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

01/01/08

Details of Crew:

Numbers	Rank	Nationality
1	MASTER	GREEK
1	CH.OFFICER	GREEK
1	2 ND MATE	ROMANIAN
2	2 ND MATE	UKRANIAN
1	CH. ENGINEER	GREEK
1	2 ND ENGINEER	GREEK
1	3 RD ENGINEER	RUSSIAN
1	3 RD ENGINEER	GREEK
1	EL/CIAN	RUSSIAN
1	BOSUN	EGYPTIAN
1	PUMPMAN	EGYPTIAN
2	A.B.	RUSSIAN
2	A.B.	UKRANIAN
3	A.B.	ROMANIAN
1	A.B.	SRI LANKA
1	FITTER	UKRANIAN
1	OILER	RUSSIAN
2	OILER	ROMANIAN
1	WIPER	ROMANIAN
2	ASS. STEWARD	UKRANIAN
1	ASS. STEWARD	ROMANIAN
1	SUP/TRY	GREEK
1	COOK	RUSSIAN

**ANNEX "C" (BUDGET) TO
THE BALTIC AND INTERNATIONAL MARITIME COUNCIL (BIMCO)
STANDARD SHIP MANAGEMENT AGREEMENT - CODE NAME: "SHIPMAN 98"**

Date of Agreement:

01/01/06

Managers' Budget for the first year with effect from the Commencement Date of this Agreement:

CREW WAGES	\$1,100,000
MARINE INSURANCES	\$135,000
P&I AND DEFENSE	\$150,000
STORES (DECK, ENGINE, CABIN, BONDED)	\$160,000
REPAIRS / MAINTENANCE	\$250,000
CREW REPLACEMENT AND OTHER EXPENSES INCLUDING MEDICAL	\$30,000
VICTUALLING	\$80,000
FLAG EXPENSES	\$35,000
SPARES	\$100,000
RADIO	\$20,000
GENERAL SUPPLY EXPENSES, OPA 90, VESSELS INSPECTIONS	\$20,000
LUBRICANTS	\$60,000
MANAGEMENT	\$250,000
UNFORSEEN	\$30,000
 TOTAL	 \$2,420,000

In addition to the above the Voyage expenses must be added.

P&I DEDUCTIBLES

CARGO CLAIMS	\$ 15,650.00 EACH CARGO VOYAGE
CREW ILLNESS	\$ 5,250.00 PER PORT
CREW INJURY/LOSS OF LIFE	\$ 5,250.00 PER PERSON PER PORT
ALL OTHER CLAIMS	\$ 5,250.00 ANY ONE ACCIDENT OR OCCURRENCE

FD&D DEDUCTIBLES \$ 1,000.00 EACH DISPUTE

INSURANCE POLICY COVER

H&M INSURED VALUE	\$ 10 MILLION
INCREASED VALUE	\$ 2 MILLION

DEDUCTIBLE ON H&M INS COVER (\$ 10 MILLION) \$ 125,000

VESSEL INSURED FOR WAR RISK WITH LLOYDS

H&M INSURANCE	\$ 10 MILLION
INCREASED VALUE	\$ 2 MILLION

All figures about and without guarantee